FOREIGN AGRICULTURE

Planting by China's Tachai Brigade.

A Look at Five Chinese Communes

July 21, 1975

Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

FOREIGN AGRICULTURE

Vol. XIII • No. 29 • July 21, 1975

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Members of the Tachai Brigade in the People's Republic of China carry water to fields as they plant their crop. U.S. Agricultural Officer Harold C. Champeau's firsthand report on five PRC communes begins on this page.

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The Secretary of Agriculture has determined that publication of this periodical is necessary in the transaction of public business required by law of this Department. Use of funds for printing *Foreign Agriculture* has been approved by the Director, Office of Management and Budget through June 30, 1979. Yearly subscription rate: $34.35 domestic, $42.95 foreign; single copies 70 cents. Order from Superintendent of Documents, Government Printing Office, Washington, D.C. 20402. Contents of this magazine may be reprinted freely. Use of commercial and trade names does not imply approval or constitute endorsement by USDA or Foreign Agricultural Service.

FIVE COMMUNES in the People's Republic of China

Part 1

Government Edicts Set Pace For China's Farm Economy

By HAROLD C. CHAMPEAU
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In late October 1974 the author visited the People's Republic of China for 3 weeks to gain firsthand knowledge of China's agricultural activities. Because of the lateness of the season, crop observations were limited to paddy fields and scattered fields of cotton and—in Kwangtung Province—to sugarcane. The other major crops had already been harvested.

To compensate as much as possible for the lack of opportunity to observe crops in the field and to seek opportunities to ask questions on China's agricultural economy, the author attempted to arrange visits to as many communes as possible. But such arrangements were difficult to achieve. As a result, this report is limited to personal observations and conversations held at the five communes.

China has an estimated total 50,000-70,000 communes, ranging in size from 17,000 to 80,000 members each. Statements on production and yields are those of officials at the five communes. FAS does not necessarily agree with all data presented in this series. The facts and figures reported to the author by PRC officials are presented without analysis or comment. The material is presented in five sections—the five communes, production inputs, crops, livestock, and incomes and living standards.

"TAKE GRAIN AS THE KEY LINK, and ensure all-around development." This counsel from Chairman Mao Tse-tung of the Chinese Communist Party's Central Committee is often enunciated to foreign visitors in the People's Republic of China (PRC) as well as to farm workers in China's expanding agricultural economy.

Similarly, both visitors and Chinese workers also are reminded of Chairman Mao's repeated stress on national self-reliance, with specific examples of its application and implementation at particular communes.

Another Mao injunction, "Irrigation is the lifeline of agriculture," is credited with being the major impetus behind some recent substantial accomplishments in China's water conservation.

And Mao's "eight-point charter," which calls for increased emphasis on soil amelioration, water, fertilizer, close planting, seed, field tending, plant protection, and improved farm implements, also is being "resolutely carried out" in the communes, according to PRC officials interviewed.

Throughout China's agricultural community, there are frequent exhortations today to "learn from Tachai"—the once almost-barren growing area that was reclaimed and made highly productive by relying on its resources and putting up stubborn struggles against natural calamities. The phrase, "learn from Tachai," has become a rallying cry throughout China's agricultural sector.

With Tachai as a model of large-scale gains in collective production, commune members can now "dare to fight heaven and earth to change nature," as China's agricultural planning officials put it.

At the Hua Tung Commune, officials refer proudly to a recent instructive visit from Ch'en Yung-kuei, the Tachai Brigade's famous peasant leader and crusading Politburo member, who was appointed a Vice Premier at the recent Fourth National People's Congress.

About 50 peasants from the Hua Tung Commune were sent to Tachai in 1974 to study Tachai ideology, and are now planning a speedup based on Tachai teachings at their home commune.

It is made clear to visitors that the Communist Party apparatus at the commune and brigade levels is actively engaged not only in political and ideological work—such as offering guidance in party principles and policies in such campaigns as the ones to criticize Lin Piao and Confucius and the all-out effort to "learn from Tachai"—but also to provide direction to agricultural production, including increased emphasis on large-scale outturns and implementation of the Party's general line for the national economy to achieve "greater, faster, better, and more economical" results. (In contrast, there are now few mentions on the communes of the Great Proletarian Cultural Revolution.)

All five communes visited grow both rice and wheat, and the three northernmost also raise cotton. Multiple cropping, observed on all five communes, was above the national average index, which has been estimated as high as 165-170. The indexes ranged from a low of 174 in the fruit-growing, hilly, southern Lok Gang Commune to a high of 310 in the suburban Shanghai Horse Bridge Commune.

Near Peking, an expanding share of the wheat crop is transplanted after the rice harvest because of the growing season's limitations in northern latitudes. This practice was begun experimentally in 1973 at the Red Star China-Korea Friendship Commune, and is expected to expand annually because resultant yields of 100 bushels per acre from transplanted wheat are 30 percent higher than for wheat sown directly late in the year.

In the Shanghai and Canton areas, wheat or rapeseed commonly are planted in the period between the harvest of late rice and the transplanting of early rice the following year—a form

Terraced fields and tea plantation (top) on Chingkang Hill, Anhwei Province, formerly an uncultivated area. Grain storage area in Heilungkiang Province (above), where the 1974 grain harvest is reported to be 500,000 tons greater than the 1973 total. Grain production totals for the area have not been disclosed.

The Five Communes

Red Star China-Korea Friendship Commune—Originally established in the Peking suburbs in 1958 on the base of seven advanced agricultural producer cooperatives, this commune is one that has recently changed its organizational structure while maintaining three levels of operation. The commune's 80,000 members were recently organized into administrative areas (roughly equivalent to large brigades) and production brigades (equivalent to large production teams). Production teams—at least in name—have been abolished, a possible future trend in other large communes.

Horse Bridge Commune—Considered "average" in the Shanghai area by the Vice Chairman of the People's Revolutionary Committee, even though there are shortcomings—especially when compared with more advanced communes. Considerable progress has been made at this commune, however.

July 1 Commune—First of 199 communes established in Shanghai, and obviously a model. Sixty percent of its 9,800 workers are women, reflecting the strong role of women in China's agriculutral economy. According to those interviewed, there are still large differences in productive efficiency from brigade to brigade, and team to team.

Hua Tung Commune—The primacy of the production team was stressed by the Vice Chairman of the Revolutionary Committee of this commune. The teams—not the brigades or the commune—"own" the land. They are the basic accounting units, and are responsible for all production, including crop and livestock production, forestry activities, and fisheries operations. The contrast in current conditions with pre-Liberation conditions was heavily stressed—as it was on other communes visited—with a recitation of the three major changes that have taken place since Liberation: Changes in the spirit and ideology of the people; changes in the land; and changes in production output, living standards, and educational standards.

Lok Gang Commune—Natural conditions for agricultural production are favorable at this commune—fertile soil, generally good weather, and plentiful rainfall. According to a member of the Revolutionary Committee, however, most of the land in pre-Liberation days "was in the hands of cruel landlords who exploited the peasant masses," so that workers did not share in the benefits resulting from the naturally favorable conditions.

of intensive triple-cropping that has greatly increased the total output per acre.

This is a fairly recent development in the Shanghai area. Formerly, winter wheat and only one rice crop were rotated. In 1964, however, a second rice crop was introduced, and 60 percent of the total cultivated area is now triple-cropped. Vegetable outturns are multiple-cropped, with the number of crops per year increased to six or seven or even more in southern latitudes.

The tight rotational schedule for triple-cropped grain in the Shanghai area is as follows:

- Late May-early June—harvest winter wheat.
- Late May-early June—transplant early rice.
- End of July—harvest early rice.
- Early August (circa August 10)—transplant late rice.
- Early November (circa November 5)—harvest late rice.
- Early November—sow or transplant winter wheat.

Rice is normally held in seedbeds for 30-40 days before transplanting. As soon as the early-crop seedlings are removed, late-crop rice is sown in the same seedbeds, which occupy a large area—about 1,300 acres. At one brigade, about 40 percent of the rice was transplanted by machine in 1974, a much larger share than was the case in 1973. Transplanting by machine is expected to continue, even though machine transplanting damages seedlings to some extent, the survival rate is lower than that for hand-transplanted rice, and the crop takes 2-3 days longer to ripen.

Transplanting of other crops also is increasing in the Shanghai area. Rapeseed sown October 1 in a peach orchard seedbed was to be transplanted in late November. In the July 1 Commune near Shanghai, cotton transplanting began only 2 years ago, but 40 percent of all cotton there is now transplanted. Yields are higher when the 3- to 4-week-old cotton seedlings are transplanted.

Interplanting is used to squeeze in an extra crop within the limits of the growing season. In a cotton-winter wheat rotation, for example, cotton is interplanted in April with maturing winter wheat. In late October the procedure is reversed, with cotton plants literally spread by hand as the interrow spaces are sown to winter wheat. Plants are arranged to facilitate interplanting.

Because of increasingly intensified pressures for maximum production, it seems highly likely that multiple cropping, transplanting, and interplanting—along with any other imaginative cropping practice that may prove to be productive and economically feasible—will be applied at an increasing rate in all geographic areas.

Aside from crop and livestock production, a wide range of manufacturing, repair, and processing activities is carried out at both the commune and production brigade levels. But it is evident that certain types of industrial operations are conducted at one level and not at other levels, and the policies that assign these operations were not outlined during the visits. Nor can generalization be made concerning the types of enterprises that are commune-operated as compared with those operated at brigade level.

Some types of activity appear to have been organized and directed at both levels within the same commune. At the July 1 Commune, for example, the commune and each of the 11 brigades operates an agricultural machinery repair facility, but there was no mention of enterprises operated at the production-team level.

Most of the enterprises are designed to support the basic agricultural production effort or to process agricultural commodities produced on the commune or brigade. Other activities provide selected necessities of life for commune members. One official stated that communes also are expected to meet the requirements of the surrounding areas for certain products—nonagricultural products in particular—a move that contributes to regional self-reliance and self-sufficiency and also helps ease the pressures on an already overburdened transportation system.

The commitment to communal enterprise is substantial. At the Hua Tung

PEOPLE'S REPUBLIC OF CHINA: BASIC DATA, FIVE COMMUNES

Commune	Red Star China-Korea Friendship	Horse Bridge	July 1	Hua Tung	Lok Gang
Location	Southwest of Peking	17 miles southwest of Shanghai	Southwest of Shanghai	North of Canton	22 miles east of Canton
Year established	1958	1958	1958	1958	1958
Total area (acres)	(1)	13,000	(1)	37,000	30,000
Cultivated area (acres)	27,000	7,000	3,400	12,000	18,000
Sown area (acres)	48,000	23,000	9,000	30,000	31,000
Multiple-crop index (percent)	180	310	275	250	174
Private plots (percent of cultivated area)	5	7	7	4	(1)
Major crops	Rice, wheat, corn, cotton, fruit	Rice, wheat, cotton, vegetables	Rice, wheat, cotton, vegetables	Rice, peanuts, fruit, sugarcane	Fruit, rice, peanuts, sugarcane
Number of members	80,000	36,000	17,075	60,950	55,000
Number of households	17,000	8,000	4,320	12,230	11,000
Average number of persons per household[2]	4.7	4.5	3.95	4.7	5.0
Number of production brigades	[3] 10	20	11	20	14
Average number of production teams per brigade[2]	[3] 13	10	8	16	15
Average number of households per brigade[2]	1,700	400	393	611	786
Number of production teams	[3] 126	197	88	319	210
Average number of households[2]	135	41	49	38	53

[1] Not available. [2] Derived. [3] The Red Star China-Korea Friendship Commune recently reorganized and apparently expanded the size of secondary and tertiary units. Thus, former production brigades are now "administrative areas" and former production teams are now "production brigades." "Production teams" have been abolished.

Commune, for example, 15 factories or enterprises are operated at the commune level and an additional 45 at the brigade level. At the July 1 Commune, 1,100 out of 9,800 workers are employed in workshops. These workers are salaried and are paid monthly.

The workers in a foundry at the Hua Tung Commune, which employs 150 workers, make their own molds and castings and reproduce lathes and other machine tools that are close copies of sample equipment provided to the commune by the Central Government. The commune-produced equipment is usually installed alongside the article from which it was copied, and the two appear to be operating together effectively—a practical example of local self-reliance.

At the five communes visited, the number and types of enterprises being operated are as follows:

In support of agricultural production:

- Manufacture of agricultural machinery, spare parts, and implements.
- Repair of agricultural machinery.
- Manufacture of generators, primarily for irrigation but also for tractors, threshing machines, and oilseed crushing machines.

Primary production:

- Hog and poultry raising.
- Fish (usually carp) farming.
- Mushroom cultivation (in large, specially built structures).
- Apiculture.

Agricultural processing:

- Grain (rice, wheat) milling.
- Cotton ginning.
- Oilseed crushing.
- Milk processing (powdered and condensed milk).
- Sugar refining.
- Fruit processing.
- Starch production.

Other activities:

- Brick and tile manufacturing.
- Transformer production.
- Cement boat construction.
- Wood boat repair.
- Coal mining.
- Carpentry, including all furniture required on a commune.

The private sector of China's agriculture is primarily the private-plot sectors of the communes. On these plots, the worker may plant what he wishes and keep whatever livestock he can sustain. On the communes visited, private plots accounted for 4-7 percent of total cultivated area. At the Red Star China-Korea Friendship Commune, workers raised grain, vegetables, hogs, and poultry on private plots. At communes in the Shanghai and Canton areas, vegetables for food and feed, medicinal herbs, tobacco, and poultry were grown. The subject of private plots was not, however, developed extensively in conversations with commune officials.

India's Wheat Crop Now Seen Totaling 26 Million Tons

Good performance by high-yield varieties of wheat grown under irrigation provided a significant rebound for India's 1975 wheat production, which is now estimated at 26 million metric tons.

Estimates of Indian barley and pulse crops also have been revised upward because of favorable reports about yields for rabi (spring-harvested) crops, now expected to total 43.3 million tons, compared with 38.3 million in 1973/74.

India's total food grain production is now estimated at 102 million tons during 1974/75, down 3 percent from the 103.6 million tons harvested in 1973/74. Of this total, rice accounts for 39.6 million tons; wheat, 26 million; coarse grains, 25.3 million; and pulses, 11.1 million. Inadequate monsoon rainfall during the summer of 1974 adversely affected yields of rice and coarse grains.

India's grain imports are expected to continue strong at levels near the capacity of unloading in busy ports. Open-market prices for cereals remain more than 50 percent above those listed in fair-price shops receiving supplies at fixed prices from the Government Food Corporation.

World Citrus Industry Urged To Support Low Trade Barriers

By GORDON O. FRASER
Assistant Administrator for International Trade Policy
Foreign Agricultural Service

THE CITRUS industry already is making an important contribution to health and well-being in the world. But, there is still great opportunity for the industry to expand in the large unsatisfied market for fresh and processed citrus products in the world. This is not true for so many basic agricultural products where demand is inelastic.

But, if the citrus industry is to continue to grow, the obstacles to trade must be removed. Most of the trade restrictions that exist between countries on citrus and citrus products should not be tolerated. They penalize the consumer in many countries, either denying him citrus products entirely, or making oranges, lemons, grapefruit, and other citrus products too expensive for the average consumer.

The United States will make a major effort in the Multilateral Trade Negotiations (MTN), now underway in Geneva, to reduce these trade barriers against citrus products and against barriers to the movement of all agricultural products in world trade. We earnestly hope your governments will do likewise.

Agricultural exports are vital to farmers in the United States. They are also vital to the whole economy of this country, contributing a surplus for the United States balance of payments last year of about $12 billion. Without the help of the exports from American farms, the United States would have to restrict imports of automobiles, television sets, electronic equipment, shoes, textiles, and hundreds, if not thousands, of other products and commodities. This would be disastrous to the economies of many countries.

Thirty to 34 percent of the shipments of fresh citrus from California and the adjoining State of Arizona is exported. This earns about $150 million per year. Seventy-five percent of the total exports of fresh citrus from the United States comes from this area.

Some 72 percent of total U.S. citrus is grown in Florida. Exports of citrus and citrus products last year from Florida totaled about $115 million. All told, the United States exported $254 million of citrus and citrus products last year, contributing significantly to the total U.S. exports of farm products in 1974 of $21 billion.

These figures indicate the very great significance the United States attaches to international trade in farm products and why the Multilateral Trade Negotiations are so vitally important.

About two-thirds, or about $15 billion, of U.S. farm exports face import restrictions of one type or another in the world markets. These barriers must be lowered. Most of these trade restrictions are flagrantly protectionist and do not really serve the best interests of the countries concerned, and, in particular, deny consumers in those countries the benefit of lower priced, high-quality foods from abroad. These protectionist measures at the border badly distort the use of the world's agricultural resources at a time when there is great need to obtain the most efficient use of these resources.

BARRIERS AGAINST the natural movement of citrus and citrus products in world trade take the form of high tariffs, seasonal changes in border charges, restrictive import quotas, outright embargoes, unwarranted use of phyto-sanitary measures, unnecessary and expensive labeling requirements, and so on, through the whole gamut of trade restrictions man has invented.

As an example, we find very little justification and, in fact, logic in the trade restrictions Japan maintains on imports of citrus. There is no production of grapefruit in Japan, yet until 1971 Japan kept a strict quota on imports. The tariff still in effect ranges from 20 percent to 40 percent ad valorem, depending on the season.

The United States, a major producer of grapefruit, has a duty ranging from only 6.1 percent to 8.5 percent. Japan does not produce lemons, yet an import duty of 10 percent is maintained. The United States, with a large industry to protect, has a duty of only 5.2 percent.

Japan also maintains strict import quotas on oranges. These quotas violate the rules of the General Agreement on Tariffs and Trade (GATT).

While Japan's mandarin industry is important and politically sensitive, there is a spring and summer period of 6 months when no domestic oranges are available to the Japanese consumer. There are also tight quotas on imports of orange and grapefruit juices. As I have said, there does not seem to be much logic to these restrictions by a wealthy country such as Japan.

WE BELIEVE, moreover that all of our countries have a mutual interest in trying to make the European Community, too, a more open market for citrus.

The U.S. Government strongly supports the principles of GATT. One of the most important of those principles is nondiscriminatory treatment in the application of tariffs and other measures among member countries. We consider the EC to be in violation of Article I of the GATT in the preferential arrangements it has granted on citrus imports from certain Mediterranean countries. We know the argument advanced by the Community to justify these arrangements, but the results unquestionably are discriminatory against the United States, as well as countries such as Brazil and South Africa.

The Community has further compounded the problem by giving differential preferences. There is one tariff schedule for Morocco and Tunisia, and another for Cyprus, Egypt, Lebanon, Spain, and Israel. Additionally, the EC has recently granted duty-free status to most agricultural imports from the so-called ACP countries (Africa, Carribbean, and Pacific), which will certainly include some citrus. You know that yet another and higher tariff schedule applies to U.S. citrus.

No country has, of course, a permanent or exclusive claim to the market in another country. Nonetheless, when

Continued on page 16

Based on author's recent speech before the Comite de Liaison de la Agrumiculture Mediterraneenne.

1975 Soviet Grain Production Likely To Fall Short of Goal

By FLETCHER POPE, JR.
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Economic Research Service

DRY WEATHER IN several major agricultural areas seems likely to prevent the Soviet Union from attaining its relatively reasonable 1975 grain output goal of 215.7 million metric tons. Based on weather conditions through early July, gross production of about 195 million tons seems most likely, although weather conditions later in the summer still will play a major role in determining final output.

The forecast level of 1975 output is almost the same as 1974's results, but more than 27 million tons below the 1973 record and about the same amount above the poor 1972 crop.

Following an alltime record area of 133 million hectares in 1964, Soviet grain area declined throughout the remainder of the 1960's, bottoming out at 118 million hectares in 1971. Area jumped more than 6 million hectares in 1973 to almost 127 million and stayed at about that level in 1974.

The sharp increase in grain area between 1971 and 1973-74 occurred in spring grains, especially barley. Total spring grain area in 1974 was up 11 million hectares over 1971 and spring barley alone was up 9 million.

Since the late 1960's, harvested winter-grain area generally has varied within the range of about 25-30 million hectares, depending on seeding and overwintering conditions. Estimates for 1975 show a relatively large area of winter grains, but with spring grains also holding at the recent peak levels.

The area of grains to be harvested in 1975 in the Soviet Union is estimated at 131 million hectares, almost 4 million larger than in 1974, and the largest grain area in the USSR during the past 10 years.

The winter grain area is estimated at 31.5 million hectares, a relatively large area since the unusually mild fall and winter reportedly did much less damage than average to these fall-sown grains.

The area of corn planned for grain was cut back sharply, but actual plantings exceeded the plan and suggested a likely harvested area of 3.5 million hectares, about a half million less than in the past several years.

Seeding progress reports indicate that spring-sown small grains and pulse crops occupy about 95 million hectares on collective and state farms. The sum of grain area on private plots and agricultural enterprises other than collective and state farms, less diversions of grain to other uses, is expected to add about 1 million hectares net to the total area.

Weather impact on yields. Soviet planned grain production of 215.7 million tons in 1975 seemed to be a fairly realistic goal given a grain area of 131 million hectares if weather conditions had been "normal." In arriving at projections of 1975 grain yields under "normal" weather, yield trends were calculated for the different grains for the USSR as a whole, as well as for the major republics using yield data for 1955-73 as the base.

THESE TRENDS were then projected and the resulting 1975 extrapolated yields were multiplied by estimated grain areas in arriving at the projection of 1975 grain production under "normal" weather conditions. An earlier projection of 210 million tons for 1975 involved an estimated area of 128 million hectares.

Grain yields in 1975 are forecast by estimating a weather index factor for each region, calculating a weighted weather index for each grain by republics and multiplying the weighted index factor by the trend yield. The weather index is estimated within each region by major types of grains, especially winter grains, spring small grains, and corn.

Weather index factors are estimated for almost 30 different regions. The weights are the percentage distribution of grain area by these regions.

The areas are estimated seperately for 1975 for each of the three large republics—RSFSR (Russian Federation), Ukraine, and Kazakhstan—and for the combined smaller republics, but the 1970 regional distribution within republics has been retained.

The key elements in the yield-forecasting process is the estimation of weather index factors. The estimation procedure primarily uses informed judgments by a panel that reaches common agreement on the index.

The judgments are based primarily on 10-day and monthly information about precipitation, temperature, and soil moisture and related information about the stage of plant growth.

Variability of the index factors is constrained to a typical range of regional yield variability, with more than 80 percent of the 1975 estimates falling in the range of 80 to 120 (100 signifies trend yields). About 90 percent fall in the 70 to 130 range.

Related information on grain yields and crop conditions is used where available. In addition, some use has been made of statistical regression models for some grains and regions. The basic model, however, is operated primarily by a judgmental process.

Grain yield prospects as of early July 1975 vary greatly in different parts of the Soviet Union. Good yields some 10-20 percent above trend appear likely in the western part of European USSR and in western Siberia.

On the other hand, very poor yields seem probable in the Volga region, the southern Urals, and the western part of northern Kazakhstan because of limited moisture supplies. Yields in areas adjacent to these regions with tpoor yield prospects are expected to be somewhat below trend.

Between early June and early July the forecast for the 1975 Soviet grain crop was reduced by 5 million tons to 195 million. This reduction was attributable largely to a deterioration in prospects in the RSFFR.

Precipitation during June over much of European USSR improved grain crop prospects, while continued rather hot, dry weather from the Volga region eastward caused a further deterioration in yield prospects. The improvement in Ukrainian grain crop prospects during June largely offset the deterioration in the forecasted Kazakhstan harvest.

Grain crop prospects in the Ukraine, as of early July, pointed to a harvest about equal to the expectation under "normal" conditions and also to the socialist obligation taken by the Ukrainian grain growers to produce 48-49 million

tons in 1975. The Kazakhstan crop in early July seemed destined to be roughly a tenth short of output that would be expected under "normal" conditions.

The 5-million-ton reduction in the forecasted Soviet grain crop was largely a result of deterioration in wheat prospects because of the hot, dry weather during June in the spring grain areas from the Volga region eastward. The forecasted wheat crop was reduced from 95 million tons to 90 million. Forecasted production of coarse grains remained at 90 million tons, and that of miscellaneous grains, at 15 million. Current forecasts indicate a drop from 1974 of about 7 million tons in coarse grain production—offset by a similar increase in wheat.

Restraints on grain use. At the forecast production level of 195 million tons, total USSR domestic utilization of grain during 1975/76 is forecast at 200-205 million tons, compared with an estimated 205 million during 1974/75.

Utilization forecasts cannot be made completely independently of production forecasts, since adjustments can be made in domestic use as well as in stocks and foreign trade. At the planned level of output, utilization of about 210 million tons would seem more likely.

Utilization of grain in the USSR is forecast within the framework of a grain balance. Soviet official grain balance data are not available, but balances have been estimated from a variety of other types of information and estimates and tested by various means for consistency. The principal changes in Soviet grain use occur in feed and in excess moisture and waste.

A 10 percent discount for excess moisture and waste initially is assumed for 1975. There is some evidence that excess moisture and waste in Soviet grain averages about 10 percent but varies considerably from year to year.

The discount, typically ranging from 5 to 15 percent, is determined by relating moisture content to rainfall during the main grain harvest on a regional basis. The discount reached a record 16 percent for the exceptionally wet harvest of 1973, but dropped to 12 percent —still above average—in 1974.

The forecast level of grain for feed during 1975/76—at 195 million tons of production—ranges from 105 to 110 million tons, compared with an estimated 106 million during 1974/75. Feed use jumped sharply during the latter half of the 1960's and the volume of usage has continued to grow rapidly in the 1970's.

Except for the excess moisture and waste variability, the forecast change in Soviet grain utilization is based entirely on a forecast of the change in feed use. Grain fed is related to a synthetic measure—concentrate-consuming livestock production units—to determine trends in the amount of grain used per livestock unit.

The current series of grain-consuming livestock production units weighs together production of beef, pork, poultry meat, milk, eggs, and wool and inventories of horses based on the best available information about feeding rates per unit of output estimated for 1970/71.

Using this series, grain per livestock unit increased steadily—except for some declines in the early 1960's—through 1973/74, but fell slightly during 1974/75. An earlier forecast of 115 million tons of grain fed during 1975/76 was based on a linear extrapolation of the long-term trend, but the current forecast holds grain per livestock unit at the reduced 1974/75 rate.

Livestock production still is expected to grow, but aggregate growth in terms of livestock units is forecast to slow to about half the rate of growth registered in 1974.

Although production fell almost 10 million tons short of estimated requirements during 1974/75, domestic utilization apparently was maintained by drawing on stocks that had been built up in 1973/74.

Information about grain stocks is never published by the USSR, so estimates of stock changes are subject to a substantial margin of error. In any event, estimates of Soviet grain trade

SOVIET UNION: PRODUCTION, AREA, AND YIELDS OF TOTAL GRAIN[1] AND WHEAT

Year	Total grain			Wheat		
	Production	Area	Yields	Production	Area	Yields
	Million		Quintals per hectare	Million		Quintals per hectare
	Metric tons	Hectares		Metric tons	Hectares	
1970	186.8	119.3	15.6	99.7	65.2	15.3
1971	181.2	117.9	15.4	98.8	64.0	15.4
1972	168.2	120.2	14.0	86.0	58.5	14.7
1973	222.5	126.7	17.6	109.8	63.2	17.4
1974	195.6	127.2	15.4	83.8	59.7	14.0
1975[2]	195.0	131.0	14.9	90.0	61.0	14.8

[1] Including pulses. [2] Forecast.

SOVIET UNION: AREA OF GRAINS BY TYPE
[In million hectares]

Year	Winter grains		Spring small grains			
	Total	Wheat	Total	Wheat	Barley	Corn
1970	29.8	18.5	86.1	46.7	20.0	3.4
1971	31.5	20.7	83.1	43.3	20.3	3.3
1972	24.4	15.0	91.7	43.5	26.0	4.0
1973	26.9	18.3	95.8	44.8	27.8	4.0
1974	29.9	18.6	93.4	41.1	29.6	4.0
1975[1]	31.5	20.0	96.0	41.0	32.0	3.5

[1] Estimated.

SOVIET UNION: FOREIGN TRADE OF GRAINS (EXCLUDING RICE)
[In million metric tons]

Year	Imports			Exports		
	Total	Wheat	Coarse grain	Total	Wheat	Coarse grain
1970/71	0.8	0.5	0.3	8.3	7.2	1.1
1971/72	7.8	3.4	4.3	6.7	5.8	.9
1972/73	21.3	14.9	6.4	1.7	1.3	.4
1973/74	11.1	4.4	6.7	5.9	5.0	.9
1974/75	4.9	2.5	2.4	4.5	4.0	.5

SOVIET UNION: ESTIMATED DOMESTIC UTILIZATION OF GRAIN IN THE USSR
[In million metric tons]

Year	Total	Feed	Excess moisture and waste	Other[1]
1971/71	187	92	22	73
1971/72	183	95	13	75
1972/73	187	97	15	75
1973/74	215	104	36	75
1974/75	205	106	24	75

[1] Food, industrial use, and seed.

during current 1974/75 indicate that exports roughly offset imports.

Import implications. With only a low level of stock apparently available, the forecast of net grain foreign trade by the USSR during 1975/76 represents the residual difference between domestic utilization and production. Thus, with utilization of 200-205 million tons and production of 195 million, net imports of grain should range from 5 to 10 million tons.

Assuming usual exports of about 5 million tons, gross imports of 10-15 million tons are implied. Of course, this forecast must be considered in conjunction with import possibilities and, to some extent, will depend on domestic utilization.

In addition to the considerable uncertainties in forecasting the need for grain imports, major difficulties occur in anticipating Soviet policy and implementation of the response to the need. Approval of major grain trade actions apparently is made at the highest level of the Soviet Government. Trade actions are carried out by a monopoly state trading organization. Forecasting of these decisions and actions is beyond the scope of any available economic forecasting model.

An analysis of the Soviet grain outlook as of early July indicates a relatively tight situation. The situation is still uncertain and the outlook still could change considerably during the current season.

The production forecast is subject both to current errors of estimation, as well as the possibility of significant changes in weather conditions during the remainder of the growing season, particularly in the Kazakhstan-Siberian regions.

Utilization factors are subject to errors of estimating the components of the grain balance and projections of livestock unit. Finally, trade forecasts are affected not only by the errors in these other forecasts, but, more importantly, by policy decisions and monopsonistic actions.

Despite these uncertainties, a strong argument can be made for presenting the best information that is available about the Soviet situation. If the nature of the possible errors and changes in forecasts is properly understood, the forecast information should be a useful guide to decisionmakers—both currently and as conditions change.

Colombia's Coffee Crop Sets Record, But Exports Fall

COLOMBIA'S COFFEE growers are harvesting a record crop, but it is a mark that is not likely to be threatened in the coming year. Production is expected to drop next year, while exports for the first half of the 1974-75 crop year have plummeted and stocks are mounting. World coffee prices are falling in the face of oversupply and reduced demand.

The 1974/75 coffee crop is estimated at a record 9.0 million bags (60 kilograms per bag), more than 15 percent above the previous year's outturn. Good weather and an increase in the number of mature trees helped production for the first half of the 1974/75 crop year (October 1, 1974-March 31, 1975) to reach a record 4.7-4.8 million bags. Output for the second half of the 1974/75 crop year is forecast at a somewhat lower level of 4.2-4.3 million bags.

The outlook for the 1975/76 coffee crop is still very uncertain, since the new coffee year will not begin until October. Production is expected to dip to 8.4 million bags—nearly a 7 percent decline from this year's estimated harvest.

Exports of green coffee from October 1, 1974, through April 30, 1975, were 3.14 million bags, almost 25 percent less than shipments for the same period a year earlier. The value of exports fell even more sharply than volume, as a result of declining prices. The decline in coffee income—Colombia's major product in markets abroad—has caused a substantial drop in the nation's foreign exchange earnings.

Total coffee income for the first half of the 1974/75 marketing year, at $266.8 million, is 28 percent below that for the same period last year. In mid-December 1974, Colombian coffee on the New York market was quoted at 83 cents per pound. By mid-May 1975 the price had fallen to 65 cents per pound.

With increased coffee production and lower exports expected in 1974/75, a substantial buildup in stocks will occur. By October 1975, coffee stocks could well be 16 percent above the level for the same time a year earlier.

Estimates of contraband exports for 1974/75 were recently revised downward to 150,000 bags, in view of the Colombian Government's efforts to narrow the gap between domestic and export prices. According to Colombia's Coffee Grower's Federation, some contraband will find its way to the Venezuelan border, but not in large quantities.

The outlook for Colombia's coffee exports for the 1975/76 marketing year is dim. Even if a new coffee agreement is signed within the next few months, trade regulations would not go into effect until the 1976/77 crop year.

Exports for 1975/76 are forecast at 6 million bags—1 million less than the estimate for 1974/75. Even though production is expected to fall in 1975/76, high carry-in stocks and lower exports

"In mid-December 1974, Colombian coffee on the New York market was 83 cents per pound. By mid-May 1975 (it was) 65 cents . . ."

may well cause stocks to mount another 6 percent between fall 1975 and fall 1976.

As a result of the weakening market for coffee, the Colombian Government recently took several measures which it hopes will also help to stem domestic inflation.

- The internal support price for coffee was lowered from 20 pesos (1 peso =3.28 U.S. cents) per kilogram of coffee grain to 18.8 pesos for the remainder of the crop year ending September 30, 1975.
- The foreign exchange repatriation requirement for exports was increased in April 1975 from US$100 per 70-kilogram bag exported, to $95.50 per bag.
- The percentage of exportable coffee production that must be retained in Colombia was increased in April 1975 from 30 percent to 35 percent. With exportable production for 1975/76 forecast at 6.85 million bags (60 kg each), about 2.3 million bags will be retained from the export market during the 1975/76 marketing year.

—Based on a report from
ALFRED R. PERSI,
U.S. Agricultural Attaché, Bogota

Australia Imports More U.S. Tobacco, Products in 1974

From top: An experimental field of Australian tobacco; leaf being readied for auction by a Queensland cooperative. Australia grows flue-cured tobacco, but the United States supplies most of its tobacco imports.

AUSTRALIA BOOSTED its imports of unmanufactured tobacco and cigarettes in 1974, compared with those of the previous year, and the United States was again the major source for both.

In 1975, imports of leaf tobacco from the United States are expected to be slightly less than 1974's, as part of a general import drop.

U.S. sources accounted for about 60 percent of the 1974 unmanufactured tobacco imports—a slightly smaller proportion than in 1973—and about 68 percent of the cigarettes.

The Republic of Korea and Malawi each doubled its market share of the leaf imports, but together supplied only a 20 percent proportion. Leaf imports from South Africa and the Republic of China have virtually ceased because of political reasons.

The United Kingdom was Australia's only other cigarette supplier.

Imports. Total Australian unmanufactured tobacco imports in 1974 were 31.2 million pounds, or about 7.8 million pounds more than in 1973. The 60-percent U.S. share of the market was based on imports of nearly 18.4 million pounds, slightly less than the 61.5 percent share of the previous year's market, based on imports of 14.4 million pounds.

The value of unmanufactured tobacco imports from the United States increased from $16.37 million[1] in 1973 to $24.13 million in 1974.

Imports of U.S. tobacco would probably have been larger had it not been for the Australian mixing regulation.

This ruling requires Australian manufacturers to use 55 percent Australian leaf in all tobacco products manufactured for the domestic market. The current price of domestic leaf is so high that it no longer competes with duty-paid foreign leaf, and there is little doubt that under present price relationships most manufacturers would elect to use a higher proportion of imported leaf if allowed to do so.

Already domestic prices are reaching the stage where it is difficult for all domestic tobacco products to compete with imported ones, not only because of higher raw material costs but also due to a higher rate of inbation, and consequent increases in overhead costs, than in most supplying countries.

The duty on cigarettes and fine cut tobacco in bulk now stands at $11.31 per pound; and for cigars, cigarillos, and cheroots, at $10.74 per pound. The tariff on cigarettes and pipe, chewing, and other tobaccos in retail packs is now $6.03 per pound under the general tariff and $5.90 per pound under the preferential tariff.

Australia's overall increase in tobacco imports in 1974 was largely a reflection of the small imports of 1973, when manufacturers worked their stocks down to minimum levels in the face of sharply rising prices. Thus 1974's higher level merely reflected a rebuilding of stocks rather than an increase in consumption of imported leaf. Currency uncertainties and high interest rates were also factors in the 1973 decision to run down stocks, but apparently manufacturers have since learned to live with them.

The downward trend in Australian tobacco imports that became apparent in the 1960's has now been arrested as the mixing percentage and the domestic marketing quota have remained unchanged for the past 2 years. These are likely to remain the same in the foreseeable future and will probably continue to act as a deterrent to any major increase in imports from the United States.

The slight decline in the U.S. market share reflected to some extent the narrow price spread between the various types of U.S. tobacco during the past year, which apparently caused some Australian manufacturers to buy lower quality leaf from other sources. Virtually all of the U.S. leaf was fluecured, as Australian requirements for burley are largely met from domestic production.

Leaf imports from Malawi and the Republic of Korea increased sharply

[1] **All conversions are based on an exchange rate of $A1=US$1.345.**

in 1974. Malawi's rose from 1.3 million pounds to 2.9 million. Korea's doubled from 1.3 million pounds to 3.1 million.

Papua and New Guinea (P-NG) are generally supplied with reexported leaf from Australia, but now some shipments are being made directly from countries of origin. Efforts to establish a domestic tobacco industry in P-NG are still continuing and receive strong support from the new P-NG Government. However, interest in tobacco production among the farmers there is slight and output has been insignificant. Total tobacco area in P-NG is estimated at 200 acres, divided equally between flue- and fire-cured leaf.

The drop in leaf imports in 1975 will probably be reflected in the total amount and in purchases from the United States. The total will likely fall to a more nearly normal 27.5 million pounds, in line with present Australian consumption. The level of imports from the United States is expected to hold at about 15.4 million pounds, but changes in the exchange rate may influence purchases. An additional factor affecting the size of purchases from the United States will be the price relationship between its high- and low-grade tobacco. If there is only a small difference, Australian manufacturers may continue to look to other suppliers for cheaper leaf.

Australian imports of tobacco products during calendar 1974 showed an upward trend, mainly because of the excellent competitive position of imported products against domestic cigarettes and

"U.S. sources accounted for about 60 percent of the unmanufactured tobacco imports—and about 68 percent of the cigarettes.... Korea and Malawi each doubled its market share..."

tobacco. Rising imported leaf and production costs caused Australian manufacturers to boost prices of domestically made products above the duty-paid price of competing imported products. Fortunately for tobacco-product importers, the tariff on tobacco products is bound under the General Agreement on Tariffs and Trade. As a result, local manufacturers are unable to raise tariffs to again make premium Australian-made products cheaper than imported ones.

At present, only the better quality Australian cigarettes suffer from the pressure of lower priced imports, as the cheaper domestic cigarettes, with their smaller sizes and lower quality blends, still sell at prices well below those of imported cigarettes .

Imports of cigarettes during 1974 totaled 1.8 million pounds, of which 1.2 million came from the United States. In 1972/73 (the last year for which data are available), imports of U.S. cigarettes amounted to 925,200 pounds, 68 percent of total cigarette imports of 1.3 million.

The United Kingdom was Australia's only other major cigarette supplier in 1974, providing 499,600 pounds divided between a number of brands, while a small quantity of French cigarettes accounted for most of the remainder. The steady uptrend in imports is likely to continue unless domestic cigarette manufacturing capacity is increased. It is believed one major U.S. manufacturer is studying this possibility and has purchased land for a factory in New South Wales. However, some in the trade expect no capacity increase will be made in the foreseeable future.

Imports of ready-rubbed and other cigarette tobaccos totaled 2.1 million pounds in 1974, of which the Netherlands supplied 2 million. This was mainly shag-type tobaccos favored by Australians of Dutch origin. Small quantities were also imported from the United Kingdom and the United States. Although total consumption of ready-rubbed cigarette tobacco is declining, the volume of imports has shown a steady uptrend in recent years.

Imports of cigars and cheroots showed a substantial increase over the previous year's, totaling 562,200 pounds. The Netherlands is the major supplier. Imports of cigarillos (cigars not exceeding 4.4 pounds per thousand) were 191,900 pounds in 1974, about 46,300 pounds more than in the previous year. Imports of cigars weighing between 4.4 and 11 pounds per thousand totaled 306,900 pounds, nearly 55,100 pounds more than in 1973, and imports of cigars exceeding 11 pounds per thousand were 84,900 pounds, 6,600 pounds more than the 1973 total.

Exports. Australia's foreign sales of leaf totaled 532,900 pounds, of which 488,500 pounds were reexports of imported tobacco to subsidiary companies in P-NG and Fiji. This was less than last year's total, and the drop appears to have been because of substantial direct tobacco shipments. Australia also shipped a small volume of manufactured products to Pacific Island destinations and to Southeast Asia—828,500 pounds of cigarettes, 1.2 million pounds of cut tobacco, and about 88,200 pounds of chewing, twist, and other tobaccos. Most

"Already domestic prices are reaching the stage where it is difficult for all domestic tobacco products to compete with imported ones... because of higher raw material costs and... rate of inflation..."

of the latter were also reexports.

Exports of Australian-made cigarettes totaled 828,500 pounds, or about 240,300 pounds less than in 1973. Shipments to P-NG were up slightly to 93,500 pounds, but exports to most other destinations showed a significant drop. This was particularly true for Singapore, New Caledonia, and Hong Kong.

Exchange rate fluctuations were largely responsible for this downtrend, as revaluation of the Australian dollar vis-a-vis other currencies and high production costs due to inflation made Australian cigarettes less competitive.

Reexports of imported cigarettes totaled 61,300 pounds, or nearly 22,000 pounds more than in 1973, and went mainly to P-NG and other Pacific Island destinations.

Exports of cut tobaccos, including bulk blends shipped by Australian manufacturers to their subsidiaries in P-NG, totaled 1.2 million pounds, of which 1.1 million pounds went to these two destinations. In addition, about 25,300 pounds of imported cut tobacco were reexported to Pacific Island destinations. These consisted mostly of consumer-type packs of cigarette and pipe tobaccos. Australia also exported about 88,200 pounds of other manufactured tobaccos, including black fat and chewing tobacco.

Most of this was imported tobacco, as Australian output of twist and chewing tobacco is negligible, being manufactured for the New Guinea market in

Continued on page 16

CROPS AND MARKETS

FRUITS, NUTS, AND VEGETABLES

Italy's Almond Crop Up, Filbert Crop Down

The Italian almond harvest for 1975 is forecast at 28,000 metric tons, considerably above the weather-reduced crops of the last 4 years. If this forecast holds true, it will represent an 87 percent increase over the 1974 output of 15,000 tons. The favorable outlook is attributable to good weather conditions that prevailed during blossoming and fruit setting.

As a result of the abnormally small 1974 crop and subsequent high almond prices in Italy, the Italian export performance has been weak. Exports during the first 6 months of the current season (Sept.-Feb. 1975) were 1,445 tons (shelled basis), 46 percent below the poor performance of the previous year. Exports for the 1974/75 season are forecast at 3,000 tons, compared with 3,300 tons last year.

Similarly, almond imports during the same period amounted to only 873 tons, compared with 2,780 tons in 1973/74. The decline is due, in part, to import restrictions on nuts, which were lifted at the end of November 1974. The forecast for imports during the duration of the 1974/75 season is for 1,000 tons, about 3,000 tons less than the level reached in 1973/74.

Large unsold stocks of almonds in the shell are reported, mainly in the hands of producers. There is some resistance among producers to selling almonds at present prices. The trade reports that carryover stocks may be unusually high at the end of this season, mainly as a result of weak export performance.

While the Italian almond crop is expected to be favorable, the 1975 filbert harvest is expected to decline. Current forecasts call for a crop of 70,000 metric tons, 32 percent below the record 1974 harvest of 103,000 tons and 26 percent less than the 1970-74 5-year average of 88,000 tons. The anticipated decline in the 1975 crop is due to both dry weather and the normal off year in the production cycle.

Contrary to the relatively poor export performance in almonds, Italian filbert exports during the September-February period of the current year amounted to 44,658 (inshell basis) substantially more than the total shipped during the same period the year before. Anticipated exports through the 1974/75 season are forecast at 71,000 tons, about 50 percent above the level achieved during 1973/74. Italian filbert imports are insignificant.

Domestic consumption is expected to decline slightly for the 1974/75 year, so producers may turn to international markets, especially since world prices are somewhat more favorable than those on the domestic scene.

Also reflected in the recent high level of exports is the anticipated 33 percent decline in stocks from year-earlier levels. Carryover stocks are expected to dwindle to only 4,000 tons by the end of the season.

Processing Tomato Acreage And Output Rise in Spain

Area of the 1975 Spanish processing tomato crop is preliminarily estimated at 22,000 hectares, above the 1974 acreage by 7 percent. Production of processing tomatoes is estimated at 630,000 metric tons, up from the previous year by 11 percent. The bulk of this acreage increase has occurred in the Estremadura region, while a considerable portion of tomato acreage in the Navarre/Rioja region appears to be diverted to pimento production.

Farm prices for the 1975 crop, which were negotiated around planting time, varied by region. In the Estremadura region, where the bulk of tomato paste is produced, established grower prices range from $53.60 to $58.00 per metric ton, up an average of 40 percent from 1974. In the Navarre/Rioja region, the heart of canned-whole-tomato production, grower prices range from $71.40 to $73.20 per metric ton, roughly the same as last year.

Crop conditions are considered fairly good, despite some hail and mildew damage. Mechanization in harvesting is continuing at a good pace in the Estremadura region.

Spanish Almond and Filbert Harvests Down for 1975

The 1975 Spanish almond crop is currently forecast at 45,000 metric tons (shelled basis), down 18 percent from last year's crop. The decline is attributed to a normal letdown in the production cycle, coupled with cold weather in the major producing areas during blossoming.

Spanish almond exports during the first 7 months of this season (Sept. 1974-March 1975) totaled 11,845 tons (shelled basis compared with 14,520 tons for the same period of 1973/74. The decrease results mainly from strong competition from California and from the adverse impact of world economic conditions. Almond exports for the entire 1974/75 season are anticipated to reach 20,000 tons, about 5,000 tons less than the amount exported the year before. Spain does not import almonds.

As a result of an anticipated decline in exports, almond stocks are expected to reach a record high by the end of the 1974/75 season. In the face of declining prices, domestic consumption may increase, only slightly, to 20,000 tons, from 18,000 tons a year earlier.

Like the Spanish almond crop, the Spanish filbert harvest for 1975 is expected to decline. Current forecast call for a crop of 20,000 metric tons (inshell basis), down 39 percent, largely because of cyclic decline, from last year's record crop of 33,000 tons.

During the first 7 months of this marketing year (Sept.-March), Spanish filbert exports totaled 12,835 tons (inshell basis), an increase of about 137 percent over the same period during the 1973/74 season. The sharp increase in export sales was attributed to Government subsidization of filbert exports.

Exports for the remainder of the year are forecast at 18,000 tons (inshell basis), 88 percent above the export level of 1973/74. Spain's filbert imports are negligible.

With larger-than-expected exports in 1974/75, end-of-season stocks are currently estimated at 4,000 tons (inshell basis). This is 33 percent below the January estimate but still the largest on record since August 1971. Coupled with the strong export performance this year is an increasingly strong local demand for filberts. Because of both strong export and domestic demand, prices have recently risen about 5 percent above levels of only 6 months ago.

EC Adopts Common Policy For Processed Fruits and Vegetables

After years of threats and uncertainty, the European Community Council of Agricultural Ministers recently agreed to a Community-wide policy for processed fruits and vegetables. The significance of the new regime is that it clears the way for resumption of the long-deadlocked negotiations for preferential tariff treatment with certain Mediterranean countries. The breakthrough was made possible through the adoption of Community safeguards against low-priced imports that Italy and other Member States had demanded as the price for going along with the agricultural concessions being considered in the EC-Mediterranean negotiations.

The EC's new system calls for minimum import prices and so-called import certificates for tomato concentrates. In addition, an import certificate system is to be established for a group of "sensitive" products, namely, canned peaches, pears, tomatoes, tomato juice, mushrooms, peas, green beans, dried prunes (beginning January 1, 1978), and processed raspberries. Although no minimum import prices have been established for any of the products listed except tomato concentrates, the Council included a proviso that this could be done if necessary.

According to a Commission spokesman, the certificate requirement is not the same as a licensing system. The Commission's rationale is that licenses can be approved or denied, whereas certificates must always be approved unless a safeguard clause is invoked. Import certificates are to be issued within 5 days of application but will be valid for only 75 days.

Portuguese Almond Output Down

Current forecasts for Portuguese almond production call for a crop of 4,000 metric tons, about 500 metric tons below the 1974 harvest, and 50 percent less than the previous estimate. The decrease is attributed to gusty winds and unseasonably cold weather in the main producing regions during blossoming.

Portuguese almond exports during the first 6 months of marketing year 1974-75 (Sept.-Feb.) amounted to slightly more than 1,000 tons, compared with 2,153 tons during the same period the year before. Total exports for 1974/75 are forecast at 4,000 tons, 39 percent less than a year earlier. While West Germany, Belgium-Luxembourg, Sweden, and Holland continued as the main markets for Portuguese almonds, the Soviet Union also emerged as a minor purchaser.

With a relatively high carryin to the 1974/75 season, slightly increasing domestic consumption patterns, and the previously anticipated large 1975 crop, prices actually decreased slightly during the first 6 months of this marketing season. However, with the expected small 1975 harvest, coupled with rising demand, there is likely to be some upward pressure on domestic prices.

Portugal's Processing Tomato Acreage and Output Up

Planted acreage of Portuguese processing tomatoes in 1975 is estimated at 25,500 hectares, a 5 percent increase from 1974's. The processing tomato tonnage is forecast at about 850,000 metric tons, about 20 percent more than a year ago. This expansion in area planted was induced primarily by the Government policy of prohibiting dismissal of farm labor, and pressuring the industry to hire unemployed rural workers. This policy is expected to lower growers' profits and slow the pace of mechanization.

Because of the present Government policy of fixing wages and prices, the Portuguese industry expects prices received by growers to be the same as last year. Grower prices for first and second grades of processing tomatoes were about $50.80 and $43.00 per metric ton, respectively, during 1974.

U.K. Offers Grants To Hop Growers

The European Community grant scheme for restructuring and/or replanting hop gardens (Hop Gardens Scheme), which was extended to U.K. growers in May, 1974, was terminated as of January 31, 1975. However, grants toward the cost of the provision, replacement, or improvement of wire work for hop gardens have become available under the United Kingdom's new scheme, the Farm Capital Grant Scheme. This scheme offers nonrepayable "grants toward capital expenditure which has been reasonably incurred for the purposes of an agricultural business."

The hop farmers are obligated to make a certain contribution to the total cost of the improvements being carried out. The standard rate of grant is 20 percent of the approved expenditure.

Turkish Filbert Crop Reaches Near Record

Revised estimates place the 1974 Turkish filbert crop at 240,000 metric tons, equaling the 1973 harvest and only 400 tons less the record 1970 crop. This figure represent a 9 percent increase over the previous estimated.

The forecast for the 1975 crop calls for a record harvest of 250,000 tons, about 4 percent above the record level reached in 1970. Exceptionally good weather is the reason cited for the anticipated record crop.

Filbert exports during the first 8 months of this marketing season amounted to 121,194 tons (unshelled basis) compared with 177,548 tons in the same period of 1973/74 year. Anticipated export sales for the 1974/75 season are forecast at 180,000 tons, about 39 percent less than the levels achieved the previous year.

One of the reasons cited for the decrease is the reluctance of purchasers to buy at the high Turkish prices. Turkish officials generally believed that since Turkey was the main supplier, world prices would reach the established level and there would be no difficulty in disposing of the stocks. However, world prices did not reach that level and, consequently, Turkey's export sales decreased.

There are no reliable data on the quantity of filbert stocks in Turkey. Estimates place the level at around 110,000 tons, which is expected to decrease to about 75,000 tons by the end of the current season.

Likewise, there are no official statistics on domestic filbert consumption. However, it is believed that about 10,000 tons per year are consumed locally. It is also believed that consumption is on the increase, due largely to new filbert products on the local scene.

DAIRY, LIVESTOCK, AND POULTRY

Yugoslavia Exports Meat to Poland

Yugoslavia has reportedly agreed to export 13,000 tons of fresh meat to Poland. These shipments, valued at approximately $15 million, will be made over the next 3 months.

U.S. May Waive Duties on Swiss Cheeses

On July 2, 1975, the Treasury Department announced that the deficiency payments to Switzerland's cheese industry did constitute a bounty or grant under the provisions of the Tariff Act of 1930, as amended. This preliminary determination was published in the Federal Register on July 3, 1975, and interested parties may submit written views concerning this action within 30 days after publication.

Assistant Secretary of Treasury David R. MacDonald indicated in the July 2 press release that the countervailing duties will probably be waived on imports of Emmenthaler and Gruyere cheese from Switzerland.

U.S. Considers Duties On EC Canned Hams

On June 27, 1975, the Treasury Department determined that the restitutions granted by the European Community under the Common Agricultural Policy on the exportation of canned hams and shoulders constituted a bounty or grant within the meaning of Section 303 of the Tariff Act of 1930, as amended. Under this circumstance, the Secretary of the Treasury could impose a countervailing duty.

The Treasury Department informed the EC Commission on June 27 of its preliminary determination, that it would be published in the Federal Register on June 30, 1975, and that interested parties may submit written views concerning this action within 30 days after its publication.

The Treasury Department is required by law to issue a final determination as to the existence or nonexistence of a bounty or grant on these products no later than January 4, 1976.

U.S. Livestock Trade Shows Surplus for May

During May 1975, U.S. livestock and livestock-product exports were valued at $113.9 million—11.7 percent above the $102 million worth of these products imported.

During May, both export and imports were down from year-ago levels. Exports were off 26 percent, in large measure because of the lower prices and the reduced volume of tallow exports. Tallow prices were down 29 percent and export volume was off 47 percent from last year's level.

Imports were 35 percent below those for the same period last year because of reduced beef prices and less imports of live cattle. Beef and veal imports were down 12 percent in volume and fell 50 percent in value. Live cattle imports were off 76 percent in volume and 74 percent in value.

In the first 11 months of fiscal 1975 the value of imports was off 36 percent, while exports were down 18 percent. This has resulted in a net trade surplus of $6 million for 1975, compared with a net deficit of $188.8 million in 1974.

TOBACCO

EC May Raise Preference For Flue-Cured Tobacco

The European Community Commission has proposed a 20 percent increase in the EC's generalized preference tariff quota for flue-cured, and a further 10 percent reduction in duty on imports within the quota. If approved by the Council, the quota would be raised from the present level of 30,000 metric tons to 36,000 tons, effective January 1, 1976.

The reduction in duty would take place from the same date, but it is not clear from preliminary reports if the 10 percent decrease will be from the full common external tariff (CXT) or from the General System of Preferences (GSP) rate which is one-half of the full CXT. It is also not clear whether imports under the quota may be allocated among EC members, and in what proportions. The United Kingdom was allocated 19.4 thousand tons from the 1975 quota.

The enlarged quota and duty reduction would mean additional competition for U.S. tobacco in the EC market.

The GSP quota applies only to flue-cured tobacco valued under 2.80 units of account per kilogram (about $1.65 per lb), imported from developing countries not eligible for EC-associate status and the duty-free privilege that accompanies such status. The scheme for tobacco was devised in 1974, primarily at Britain's instigation, to help developing former Commonwealth countries. India was intended to be the principal beneficiary and the United Kingdom, India's traditional export market, was allocated 80 percent of the 24,000-ton quota for 1974.

Other important tobacco exporters, such as Brazil, the Philippines, and South Korea, are also eligible for GSP, however, and nontobacco producing EC members can be expected to push for further reduction in the GSP duty and enlargement and reallocation of the quota.

World Tobacco Developments

In **Greece,** the area planted this year in oriental tobacco is up more than 12 percent over 1974 acreage—the most planted in recent years.

In **Japan,** acreage planted to all varieties of tobacco in 1975 is 4 percent over total 1974 planted acreage. For the first time in 10 years planted acreage exceeds acreage authorized by the Japan Tobacco Corporation. Increased acreage is attributed to significantly higher producer prices during 1974, an incentive-payments program for the 1975 crop, and increased labor available as a result of the industrial slump.

The expected increase (33 to 50 percent) in Japanese cigarette prices will likely be implemented during July.

In **India,** a new tobacco export tax of up to 1 percent ad

valorem was approved by the Parliament.

In the **Netherlands,** smoking and health has apparently become an official concern. The Ministry of Health ordered a September report on tar and nicotine content of cigarettes and roll-your-own tobacco.

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	July 14	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	(1)	(1)	5.90
USSR SKS-14	(1)	(1)	(1)
French Milling [2]	3.66	+40	(1)
U.S. No. 2 Dark Northern Spring: 14 percent	4.75	+15	5.72
U.S. No. 2 Hard Winter: 13.5 percent	4.98	+16	5.14
No. 3 Hard Amber Durum	5.77	+11	7.81
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	3.75	+45	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.30	+7	3.45
French Maize [2]	3.24	+5	(1)
Argentine Plate corn	4.13	+3	3.77
U.S. No. 2 sorghum	2.78	+8	3.11
Argentine-Granifero sorghum	2.76	+2	3.14
U.S. No. 3 Feed barley	2.38	+14	2.90
Soybeans:			
U.S. No. 2 Yellow	6.15	+27	7.35
EC import levies:			
Wheat	1.60	−40	0
Corn	.96	−20	0
Sorghum	1.34	−22	.24

[1] Not quoted. [2] Basis c.i.f. west coast, England
NOTE: Price basis 30- to 60-day delivery

East European Rains Damage Grain Crops

Heavy rains in Eastern Europe are causing extensive boodding along the Danube River. News sources say the grain crop is particularly affected in Austria, Romania, Hungary, and Yugoslavia, where winter grain crop loss estimates range from 10-15 percent to being termed "disastrous." The damage will probably result in smaller 1975/76 grain export levels than the currently forecast 2 million tons expected from Hungary, Romania, and Yugoslavia.

Turkey Issues New Wheat Tender

Turkey has issued a new tender to be awarded in late July for 500,000 metric tons of wheat, apparently to replace wheat it declined to take from the United States earlier this spring. The purchase, which according to current estimates should satisfy 1975/76 (July-June) wheat import needs, is to be shipped between August and December, 1975.

East German Drought Affects Cereal Crops

While most of Eastern Europe is faced with crop losses resulting from recent rains and flooding, East Germany's cereal crops are being affected by drought and high temperatures. It is still too early to determine the extent of crop damage, but East German farmers are being urged to harvest all winter cereal crops as rapidly as possible.

Yugoslavia's Corn Crop Reduced by Flooding

Crop losses due to heavy flooding in Yugoslavia may mean 1975 corn production will be about 800,000 metric tons less than the previously estimated 8.5 million tons. As a result Yugolsavia might need to import as much as 300,000 tons of corn during the 1975/76 (October-September) marketing year. The balance would be made up through reduction of consumption, export, and stock levels.

OILSEEDS AND PRODUCTS

Oilseed and Meal Imports Into Key Markets Decline

Total imports of oilseeds and meal into six major markets (Japan, West Germany, France, Spain, United Kingdom, and Denmark) for the months available during the October 1974-April 1975 period totaled nearly 8.4 million metric tons, soybean meal equivalent—33,000 tons below the same months a year earlier. The slight decline reflected reduced movements into Japan, Spain, and the United Kingdom. Imports by West Germany and Denmark continued to expand.

Imports of soybeans and meal into the same six countries during the 1974-75 period totaled 6 million tons, soybean meal basis—42,000 tons above the comparable 1973-74 period. The slight increase represents a decline from the 12 percent gain posted during the October-December 1974 period.

Soybean and meal imports into the six markets during the January-April period declined by 7 percent from the same months in 1974. During the October-April period imports of soybean and meal represented 71 percent of total imports of oilseeds and meal by these countries, compared with 70 percent during the comparable months of 1973-74.

COTTON

Mexican Cotton Output Plummets

Mexico's 1975-76 cotton crop is expected to be only about 1 million bales, less than one-half the level of the 1974/75 crop of 2.23 million. The decline is the result of a drop in area from 1,466,000 acres in 1974/75 to 672,000 acres in 1975/76. Producers shifted from cotton to other crops because the current price for cotton is very close to the cost of production, estimated at around 40 U.S. cents per pound, while the Government provides lucrative prices for grain and oilseed crops. The Government also is allocating more irrigation water and providing expanded credit facilities in order to reach self-sufficiency in corn, wheat, dry beans, and rice and to increase oilseed production.

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JAPAN ANNOUNCES NEW BEEF IMPORT SYSTEM

Japan ended its 16-month-long suspension on new foreign beef purchases in June and consolidated the entire import allocation program under a quasi-Governmental agency. The Government wants to maintain tight control of imports because it fears that too fast a rate of entry would force prices of domestic beef down. It also believes that sufficient control could not be maintained if the imports were handled by the private sector.

The Japanese Government is acting cautiously regarding an initial 10,000-ton general quota—there is also a 500-ton quota for hotel use and 1,000 tons on boiled beef—because consumers tend to buy less beef if its price gets too high in relation to other foods. In the past this has caused domestic beef stocks to rise and in recent months their level was about 12,000 tons (bone-out basis). There is also some fear that if an influx of foreign beef causes a sharp slide in domestic beef prices, the price drop might result in a shortage of adult cattle later.

The 10,000-ton quota—the first allocated since the beef import restriction was imposed in February 1974—will be handled by the Livestock Industry Promotion Corporation (LIPC).

Consensus of the trade is that the bulk of the beef imported will be from Australia, even though the quota is global. Also to facilitate the longer storage that might be required by its slow release, the beef will be frozen.

Japan usually accounts for about 25 percent of Australia's beef exports. In 1974, Japan's imports of beef were largely based on the 50,000-metric-ton quota carried over from the second half of the 1973 Japanese fiscal year. However, this quota was exhausted toward the end of the year and imports from Australia and other countries ground to a halt.

Beef is not the first commodity to be handled exclusively by an official agency. Last August, the Japan Raw Silk Corporation was given authority to handle all of Japan's raw silk yarn imports. The number of products imported under such a system is expected to increase, according to Japanese Government officials.

—Based on report from
Office of U.S. Agricultural Attaché, Tokyo

World Citrus

Continued from page 6

there is a very long history of trade relationships, the exporting country has a reason and a right to expect fair treatment and a chance to compete on an equitable basis. This is not the kind of treatment the United States is receiving from the European Community.

Our difficulties on citrus with the Community, of course, are not confined to the issue of preference. We will be making a major effort during the Multilateral Trade Negotiations in seeking agreement with the EC to remove these discriminatory trade barriers.

There are many other countries maintaining unjustifiable restrictions on citrus imports, and these too will be a target in the MTN. We hope your countries will join in this effort. Fair and equal access to world markets would benefit citrus producers everywhere. Fair and equal competition would benefit everyone and make possible the continued growth of the citrus industry in those countries specially endowed with the conditions for efficient production.

Australian Tobacco

Continued from page 11

subsidiary plants on that island. These reexports largely went to the New Hebrides, New Caledonia, and the Gilbert and Ellice Islands. Australia also shipped a small volume of cigars and cheroots to some Pacific Islands, amounting to about 21,000 pounds, of which 9,700 pounds were locally manufactured and 11,200 pounds were principally reexports.

Domestic production. Australian production of cigarettes for domestic consumption in 1974 totaled 63 million pounds (31.051 billion pieces), up 1.02 percent from the 61.9 million pounds produced in 1973. In addition, 342 million pieces were produced for export.

Production in terms of pieces was about 5 percent above the previous year's, although the amount of leaf used increased by only 3.5 percent.

The lower price end of the market is now dominated by small-size cigarettes, although increased filter sizes in higher priced cigarettes have also reduced tobacco utilization. Since the Australian excise is assessed on a weight basis, these reductions result in considerable savings.

Production of cut tobacco, both of the roll-your-own and pipe kinds, totaled 5.4 million pounds for domestic consumption, while 33,100 pounds were processed for export. These were either blends of domestic and imported tobacco or of wholly imported leaf. An additional 33,100 pounds were manufactured from 100 percent Australian tobacco. Domestic output of smoking tobaccos showed little change from the previous year's level despite a slight increase in overall consumption.

—Based on report from
Office of U.S. Agricultural Attaché, Canberra